

House File 196 - Introduced

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A BILL FOR

1 An Act relating to employee leave by providing for time
2 off and vacation leave, and including effective date and
3 applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 91A.2, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 6A. *"Paid time off"* means a benefit
4 provided by an employer that allows an employee to take time
5 off from work with pay without regard to the reason the
6 employee chooses to take the time off.

7 Sec. 2. Section 91A.2, subsection 7, paragraph b, Code 2011,
8 is amended to read as follows:

9 *b.* Vacation, holiday, paid time off, sick leave, and
10 severance payments which are due an employee under an agreement
11 with the employer or under a policy or practice of the
12 employer.

13 Sec. 3. Section 91A.4, Code 2011, is amended by striking the
14 section and inserting in lieu thereof the following:

15 **91A.4 Employment suspension or termination — how wages are**
16 **paid.**

17 1. An employee's employer shall pay all wages earned by the
18 employee up to the time of the suspension or termination, less
19 any lawful deductions specified in section 91A.5, no later than
20 the next regular payday after suspension or termination, except
21 as follows:

22 *a.* Earned wages that are the difference between a credit
23 paid against wages determined on a commission basis and the
24 wages actually earned on a commission basis shall be paid
25 by the employer not more than thirty days after the date of
26 suspension or termination.

27 *b.* If while employed, an employee earned paid time off
28 but did not earn vacation, an employer may reduce pay for
29 accumulated paid time off by up to one-third.

30 *c.* If while employed, an employee earned both vacation pay
31 and paid time off, no payment for accrued paid time off is
32 required.

33 2. An employer shall not adopt a policy or practice of
34 denying payment for vacation or for paid time off upon the
35 suspension or termination of an employee's employment unless

1 the employee's employment was terminated by the employer for
2 misconduct as defined in 871 IAC 24.32(1)"a", as set forth in
3 section 96.5, subsection 2.

4 3. Except as provided in subsection 1, upon suspension or
5 termination of an employee's employment, the amount of pay owed
6 for accrued paid time off or accrued vacation shall be the
7 amount of pay the employee would have received if the employee
8 had not been suspended or terminated and had begun taking the
9 total amount of accrued paid time off or accrued vacation on
10 the date the suspension or termination occurred.

11 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
12 immediate importance, takes effect upon enactment.

13 Sec. 5. APPLICABILITY. This Act applies only to the
14 suspension or termination of an employee's employment that
15 takes place on or after the effective date of this Act.

16 EXPLANATION

17 This bill provides employee leave by providing for time off
18 and vacation leave.

19 The bill relates to payments for accrued vacation time and
20 for accrued paid time off for all employees who are terminated
21 or suspended.

22 Current law requires an employer to pay accrued vacation pay
23 to a terminated or suspended employee only if the employer has
24 a policy, procedure, or contract that requires the employer to
25 do so.

26 The bill defines "paid time off" as a benefit allowing an
27 employee to take time off from work with pay without regard to
28 the reason the employee chooses to take the time off. "Paid
29 time off" is also added to the definition of "wages".

30 The bill provides that if an employee is suspended or
31 terminated upon request the employer must pay all wages, now
32 including paid time off, earned by the next regular payday.
33 The bill provides an exception for when an employee who earned
34 paid time off while employed but not vacation, the employer
35 may reduce the pay for the accrued paid time off by one-third.

1 Finally, there is an exception for when an employee earned both
2 vacation and paid time off while employed, the employer is not
3 required to make payment for the paid time off.

4 An employer shall not adopt a policy or practice to deny
5 payment for accrued vacation or accrued paid time off upon the
6 suspension or termination of an employee unless the employee's
7 employment ended due to misconduct. Misconduct is not defined
8 in statute but is defined in the department of workforce
9 development's administrative rules.

10 The bill provides a formula to calculate the payment for an
11 employee's accrued paid time off or vacation if the employee is
12 suspended or terminated. Except as otherwise provided by the
13 formula, the amount of pay owed to an employee is the amount of
14 pay equal to the accrued vacation or paid time off as if the
15 employee began taking the vacation or paid time off the day the
16 suspension or termination took place. This formula substitutes
17 the pro rata policy for how accrued vacation is currently paid
18 out if an employee's policy or practice required it.

19 The bill takes effect upon enactment. The bill is made
20 applicable only to the suspension or termination of an
21 employee's employment that occurs on or after that date.